



# ALASKA

NORTH TO OPPORTUNITY

ALASKA'S QUARTERLY ECONOMIC REPORT

FOURTH QUARTER, 2017

**Bill Walker**, Governor  
State of Alaska

**Mike Navarre**, Commissioner  
Department of Commerce, Community,  
and Economic Development

**Brittney Cioni-Haywood**, Director  
Division of Economic Development



## INTRODUCTION

---

The State of Alaska Department of Commerce, Community and Economic Development's Division of Economic Development (DED) compiles this quarterly report to assist in the assessment of Alaska's economic health and business climate.

Legacy economic trends like energy prices and overall cost of living are examined alongside emerging rural and urban trends, allowing for a comprehensive assessment of Alaska's regional economic landscape. The data used in the Quarterly Economic Report is statistical information from state, federal, and private sector resources combined with anecdotal information collected from regional economic development and community organizations throughout the state. The combination of this data allows for a unique, realistic look at the economic drivers of Alaska's economy from a statewide and regional perspective.

## KEY FINDINGS

---

**Commodity Prices:** All oil prices tracked in this report continued to increase in the fourth quarter of 2017 to levels not seen in several years. Natural gas prices were relatively flat in the fourth quarter, while the price of coal rose. All metals prices tracked in this report (zinc, copper, silver, and gold) rose in the fourth quarter. Salmon prices ended the year on a high note.

**Consumer Prices:** Grocery prices were only available for five communities in the fourth quarter of 2017. The commodities in the price basket are one gallon of milk, one dozen eggs, a loaf of white bread, and a one gallon of gasoline. The average total for these commodities in the communities surveyed was \$12.01.

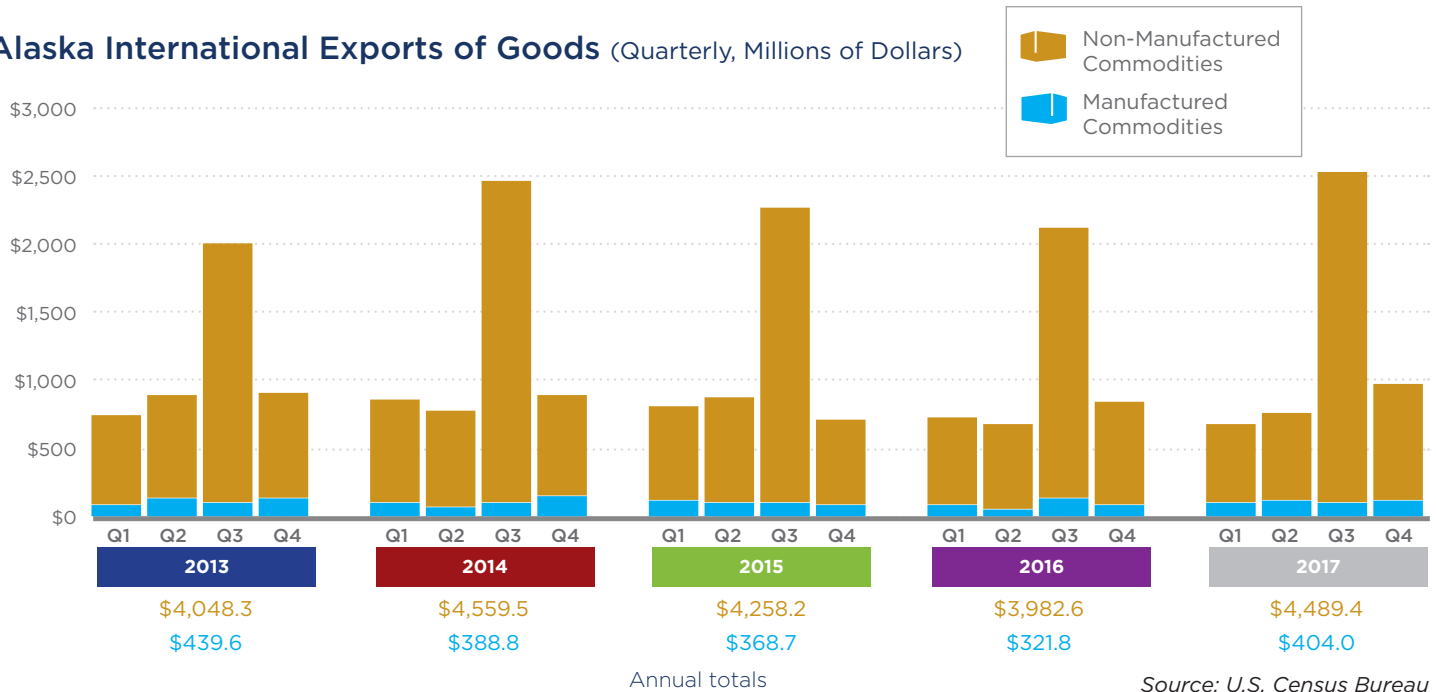
**Employment:** Alaska's seasonally adjusted unemployment rate rose for the fourth quarter in a row, reaching 7.2 percent in the fourth quarter of 2017. The average unemployment rate for the calendar year was 6.9 percent, nearly 57 percent higher than the national rate of 4.4 percent.

**Freight and Cargo Transportation:** Cargo trends were different for different types of transportation. Maritime cargo saw a continuation in the downward trend of incoming cargo, although outgoing cargo was steady. Air cargo saw the highest volume of throughput for as far back as our data go. The Ted Stevens International Airport was the fifth busiest cargo airport in the world in 2017. Freight transported on the Alaska Railroad was down in the fourth quarter of 2017 as compared to the same time in 2016, and continues the overall downward trend in railroad cargo.

## EXPORT AND IMPORT VALUES

Alaska's international exports in 2017 were the highest since 2014. Over 90 percent of Alaska's exports are non-manufactured commodities or raw products. Fish and seafood products made up just over half of the value of all exports in 2017. Metal ores made up another third of exports, led by zinc. China was the largest importer of Alaska's goods, bringing in 27 percent of Alaska's exports in 2017. Other top export-receiving countries are Japan (17 percent), Canada (14 percent), South Korea (14 percent), and Germany (4 percent).

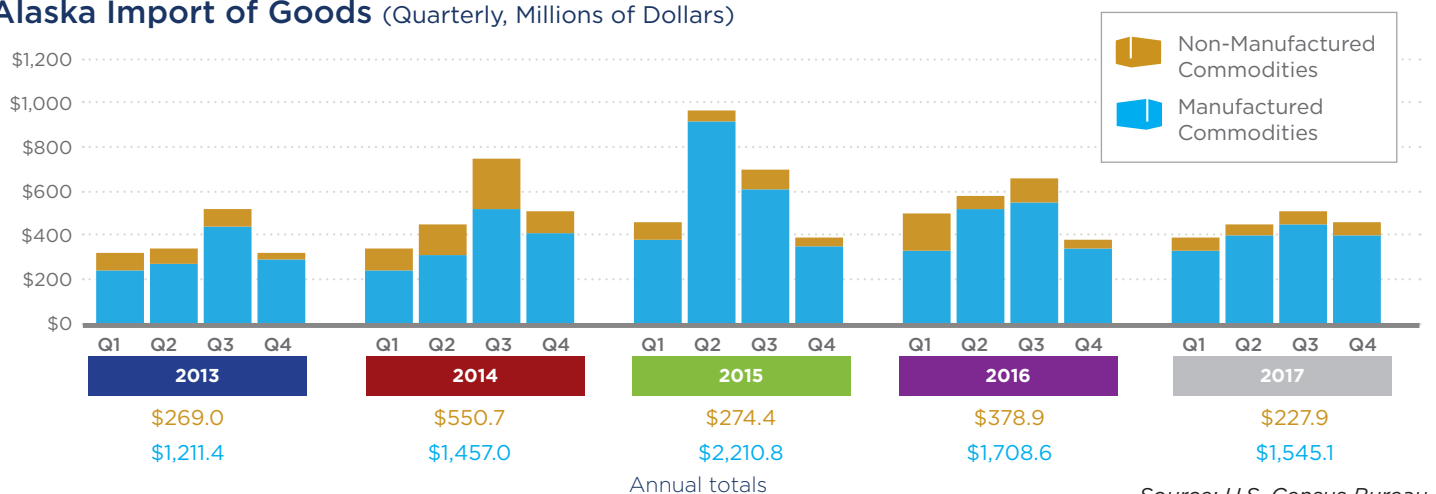
### Alaska International Exports of Goods (Quarterly, Millions of Dollars)



Source: U.S. Census Bureau

International imports to Alaska totaled \$1.8 billion in 2017, the lowest level since 2013. Refined oil made up nearly 41 percent of all international imports in 2017. Three countries are the source of 73 percent of all international imports to Alaska, with South Korea providing 26 percent, Canada 26 percent, and China 21 percent.

### Alaska Import of Goods (Quarterly, Millions of Dollars)



Source: U.S. Census Bureau

## CARGO TRAFFIC

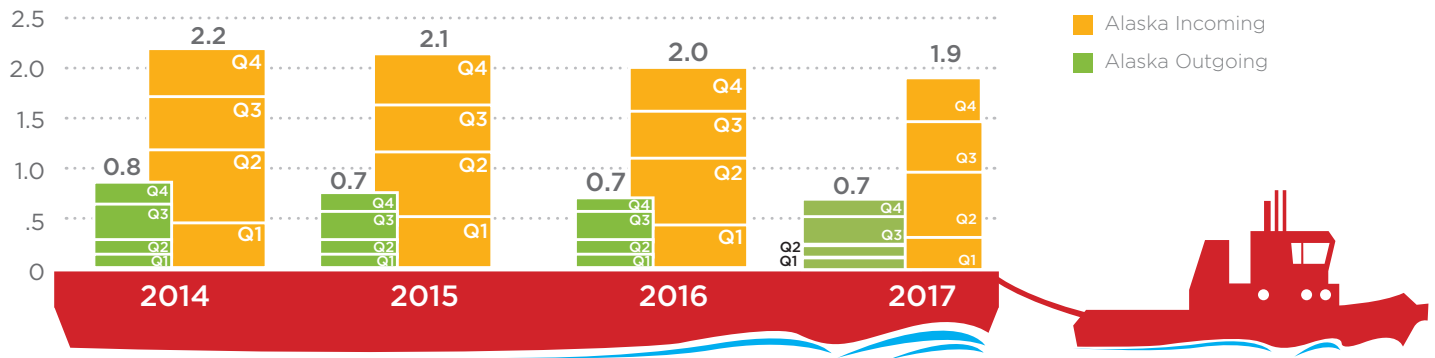
Nearly all cargo comes into the state via maritime shipping, with smaller volumes arriving via air cargo and by truck over the Alaska-Canada (AlCan) Highway.

### Maritime Cargo

Alaska maritime cargo trends can be shown by looking at the outbound and inbound tonnage at the two major ports serving Alaska: Seattle and Tacoma, Washington. Incoming maritime cargo has been on a downward trend over the last four years, while outgoing cargo has held relatively steady. In 2017, 1.9 million metric tons of cargo left the Ports of Seattle and Tacoma for Alaska and 681,023 million metric tons of cargo left the state for the two Washington ports.

### Alaska Tonnage (Ports of Seattle and Tacoma)

(Millions of metric tons)



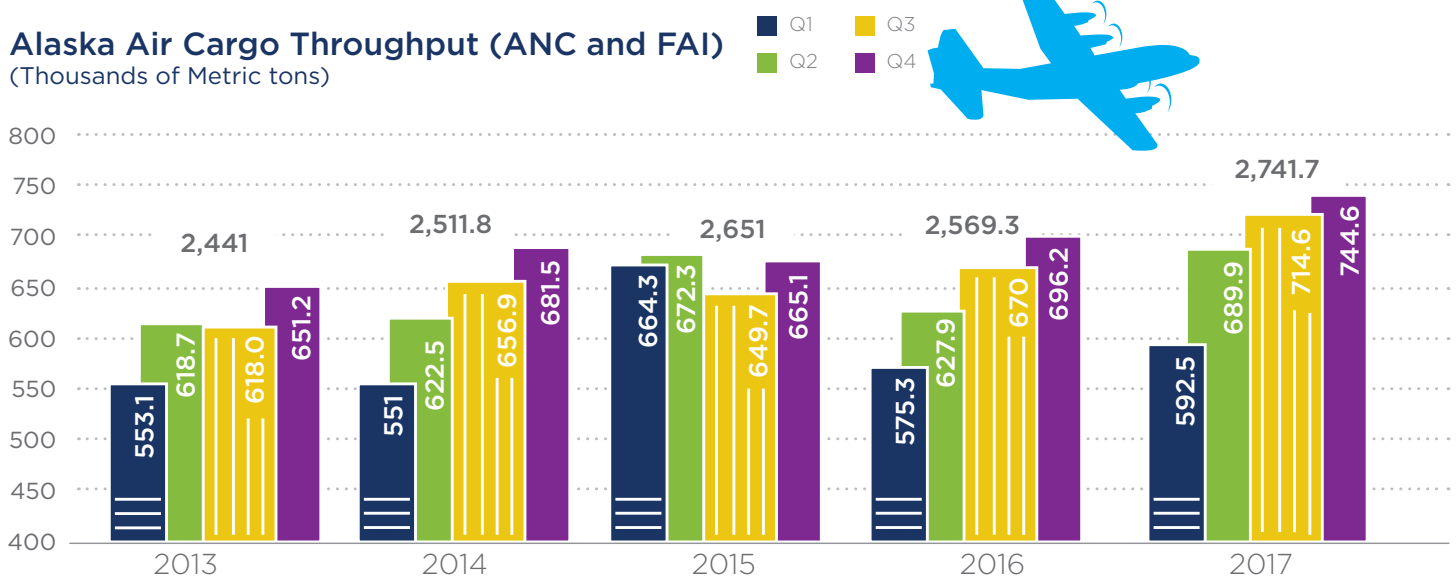
Source: Northwest Seaport Alliance

### Alaska Air Cargo Throughput

Alaska's airports are a major component of the state's transportation system; air cargo throughput in Anchorage and Fairbanks are an effective measure of that activity. Cargo throughput at the two airports was higher in the fourth quarter of 2017 than any quarter in the last seven years (as far back as our data go). The annual total of 2.7 million metric tons was also the highest it has been during this time period. According to Airports Council International, Anchorage was the fifth busiest cargo airport in the world in 2017 and the busiest airport in the United States.

### Alaska Air Cargo Throughput (ANC and FAI)

(Thousands of Metric tons)



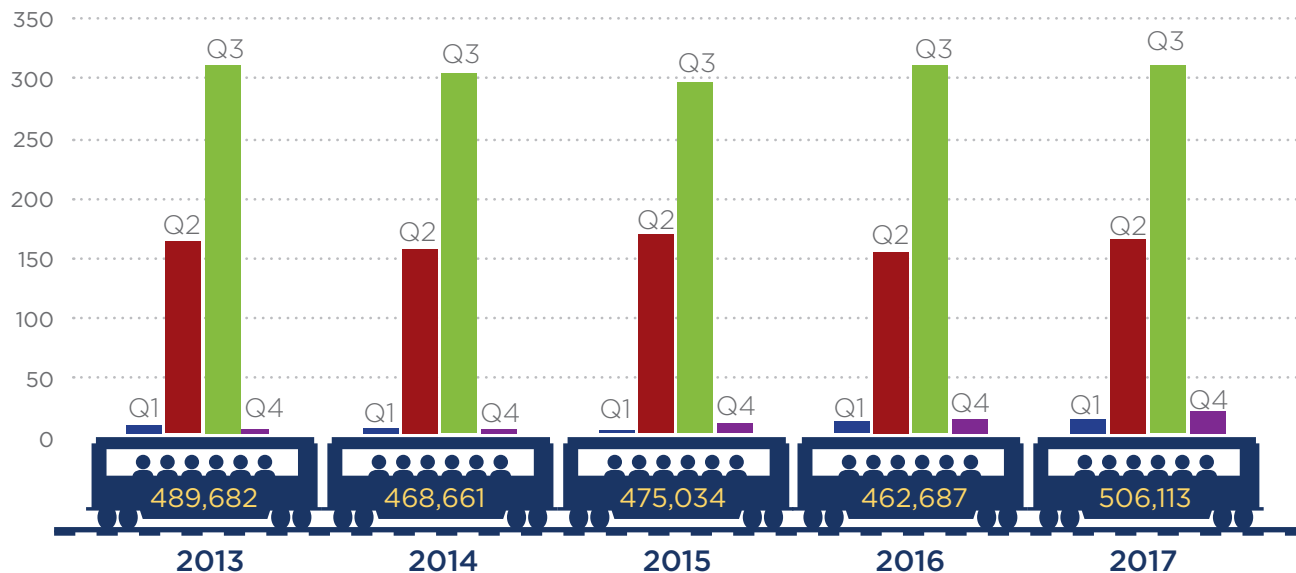
Source: Alaska Department of Transportation & Public Facilities

## ALASKA RAILROAD STATISTICS

The Alaska Railroad continued the trend of increasing winter passenger numbers, with 2017 having the highest total number of passengers of the last five years. In 2017, the Railroad expanded service for the Aurora Winter Train, which operates between Anchorage, Talkeetna, and Fairbanks from late September through mid-May. Railroad freight tonnage was down in the fourth quarter of 2017 compared to the same time in previous years. This returns to the trend of declining freight volumes, which can be somewhat attributed to the decline in construction projects in the state.

### Alaska Railroad Passenger Volume

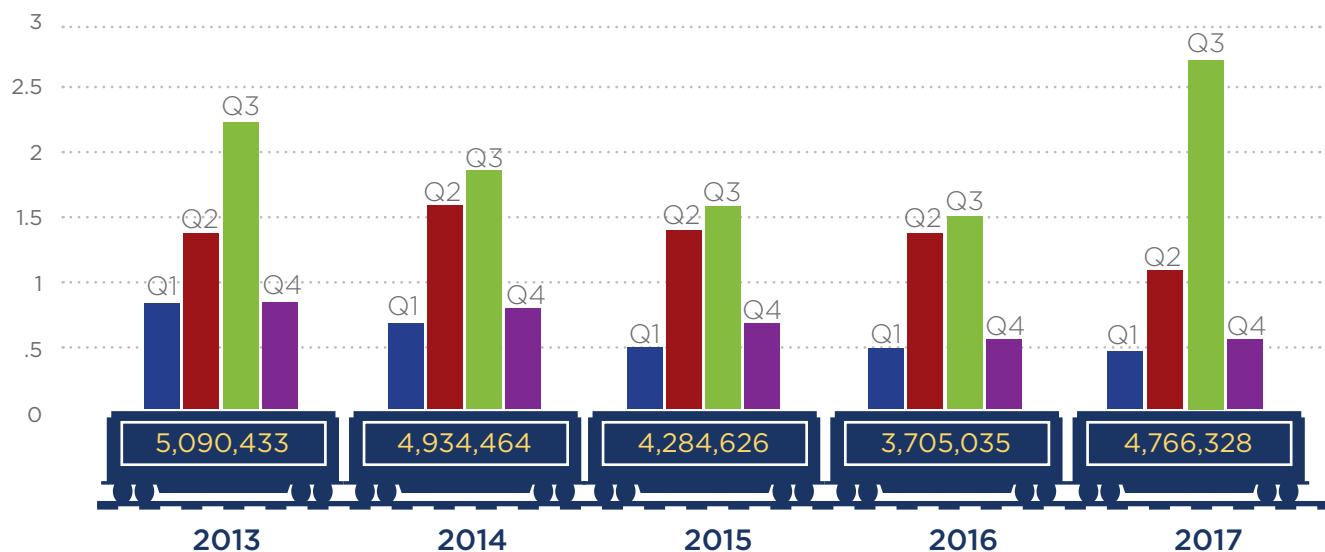
(Thousands of passengers)



Source: Alaska Railroad Corporation

### Alaska Railroad Freight Tonnage

(Millions of tons)



Source: Alaska Railroad Corporation

## ALCAN BORDER CROSSINGS - FREIGHT VEHICLES

Freight vehicles crossing the ALCAN border provide another measure of Alaska's transportation activity. Truck crossings in 2017, which totaled 5,929, were down seven percent from the previous year.

### Truck Crossings

(Number of Vehicles)



Source: Port of ALCAN, Office of Field Operations

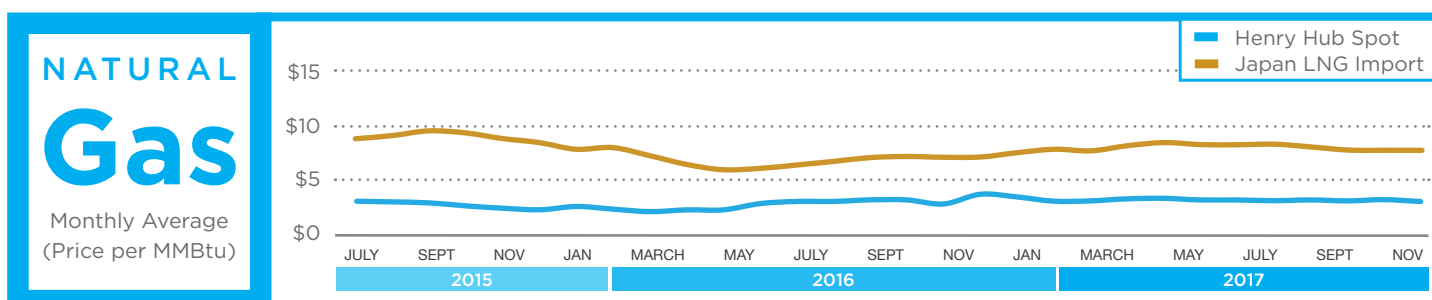
## COMMODITY PRICES

### Natural Gas Price

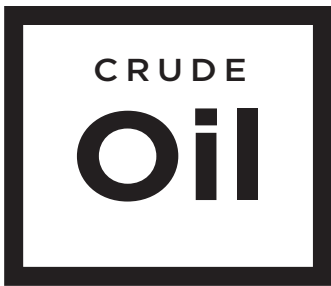
Natural gas prices were relatively flat in the fourth quarter. According to the EIA's January 2018 STEO, the Henry Hub natural gas spot price was \$2.99/million British thermal units (MMBtu) in 2017 – up 47 cents/MMBtu from a 17-year low in 2016. According to YCharts, the Japan liquefied natural gas (LNG) import price was \$7.75/MMBtu in December, down slightly from \$8.07/MMBtu in September.

According to the EIA, in 2017 the United States was a net exporter of natural gas for the first time on an annual basis since 1957, with net exports averaging 0.4 billion cubic feet per day (Bcf/d). Overall, net natural gas exports are forecast to average 2.3 Bcf/d in 2018. In 2018, U.S. liquefaction capacity will continue to expand. EIA expects the Cove Point terminal in Maryland to ramp up to full capacity. At the Elba Island facility in Georgia, six of the 10 small modular trains, each with a capacity of 0.03 Bcf/d, are expected to enter service. The first liquefaction train (capacity 0.7 Bcf/d) at Freeport LNG in Texas is also expected to come online by the end of 2018.

EIA forecasts that Henry Hub natural gas spot prices will average \$2.88/MMBtu in 2018. Prices are expected to decline slightly from 2017 levels based on strong expected production growth, which EIA forecasts will meet growing domestic consumption and exports.



Sources: U.S. Energy Information Administration and YCharts



## Oil Price

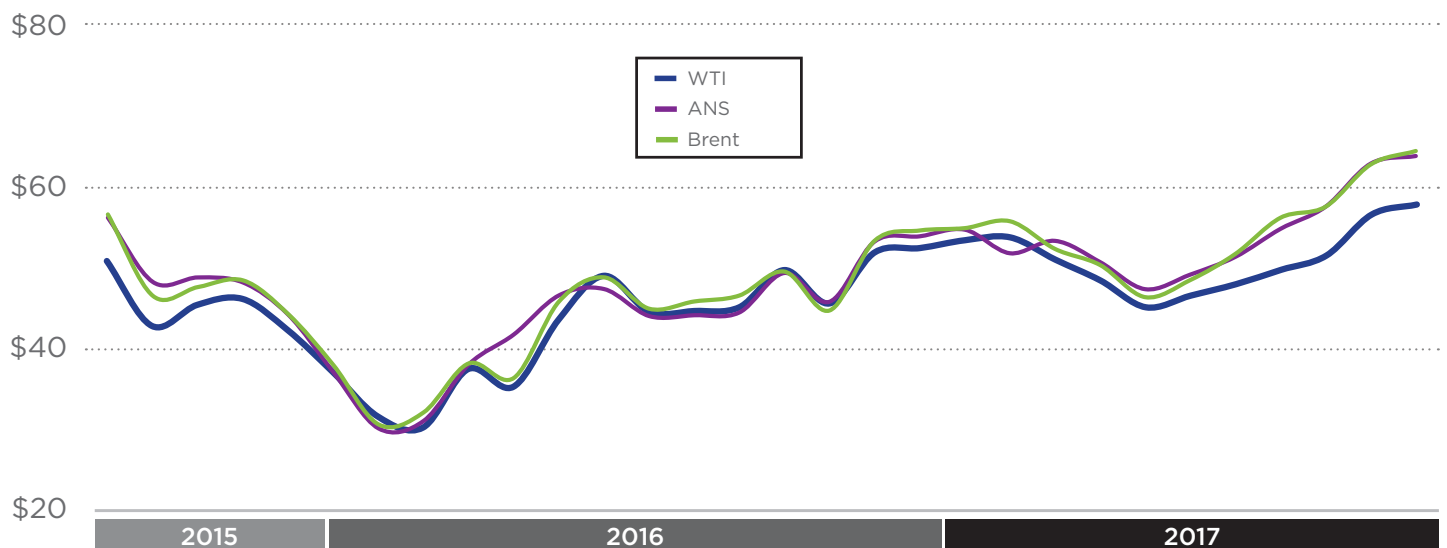
All oil prices tracked in this report continued to increase in the fourth quarter of 2017 to levels not seen in several years. EIA estimates that global petroleum and other liquid fuels inventories fell by an average of 0.4 million barrels per day (b/d) in 2017, which was the first year of annual average draws since 2013. In addition, oil prices were supported by the Organization of the Petroleum Exporting Countries' (OPEC) announcement in November 2017 to extend its crude oil supply reduction agreement through the end of 2018. Additionally, Brent prices increased in December

2017 due to a disruption in the North Sea's Forties crude oil pipeline system; it restarted operations later that month.

According to the U.S. Energy Information Administration (EIA) January 2018 Short-Term Energy Outlook (STEO), North Sea Brent crude oil spot prices averaged \$54 per barrel (b) in 2017, an increase of \$10/b from 2016. EIA forecasts the Brent crude spot price will average \$60/b in 2018. After falling in 2017, EIA expects global oil inventories to rise by 0.2 million b/d in 2018, which will contribute to crude oil prices declining from current levels to an average of \$60/b during the first quarter of 2018. Daily Brent crude spot prices ended 2017 near \$67/b, which was the highest level since December 2014. West Texas Intermediate (WTI) average crude oil prices are forecast to be \$4/b lower than Brent prices in 2018, falling from the \$6/b average price difference seen in the fourth quarter of 2017. According to the State of Alaska Department of Revenue, the Alaska North Slope oil price increased \$9.90/b from the average January 2017 price, settling at a monthly

## Oil Price

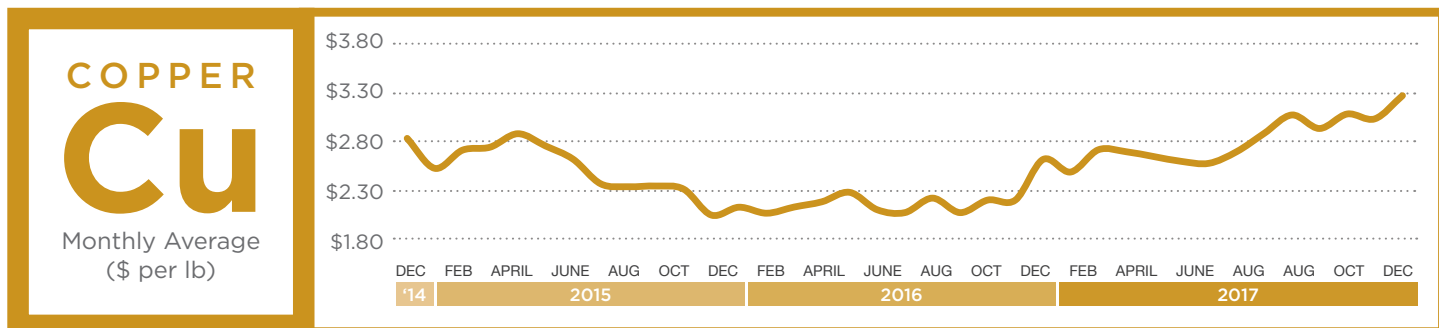
(Monthly Average - Price Per Barrel)



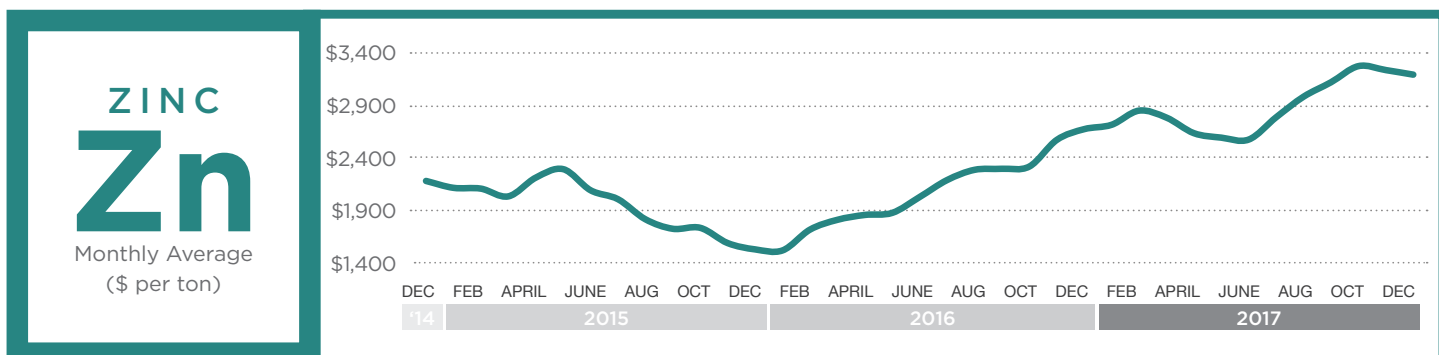
Sources: U.S. Energy Information Administration and State of Alaska Department of Revenue Tax Division

## Metals

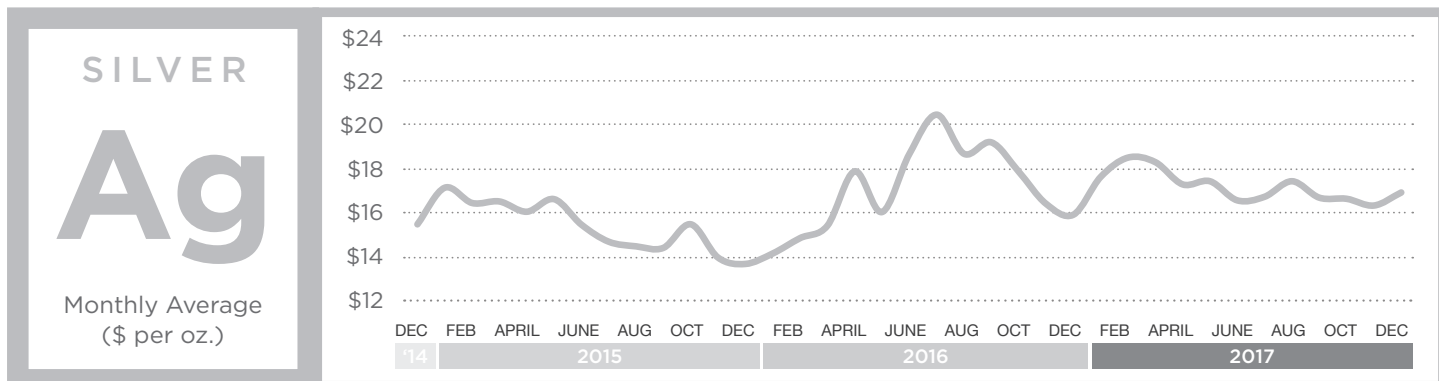
All metals prices tracked in this report rose in the fourth quarter of 2017. Tight supply created by mine closures and healthy demand from China continued to boost zinc prices this quarter, ending at \$3,192.04/ton in December 2017. The fourth quarter 2017 silver price increased from September, but is down \$0.69/ounce from January 2017 and overall the metal had a lackluster year compared to 2016 high prices. Copper prices hit a three-year high this quarter as its ongoing supply deficit for the past seven years is expected to persist through 2018. Gold prices steadily rose in 2017 to levels last seen in mid-2016, as the U.S. dollar weakened further, fueling demand and driving up gold prices.



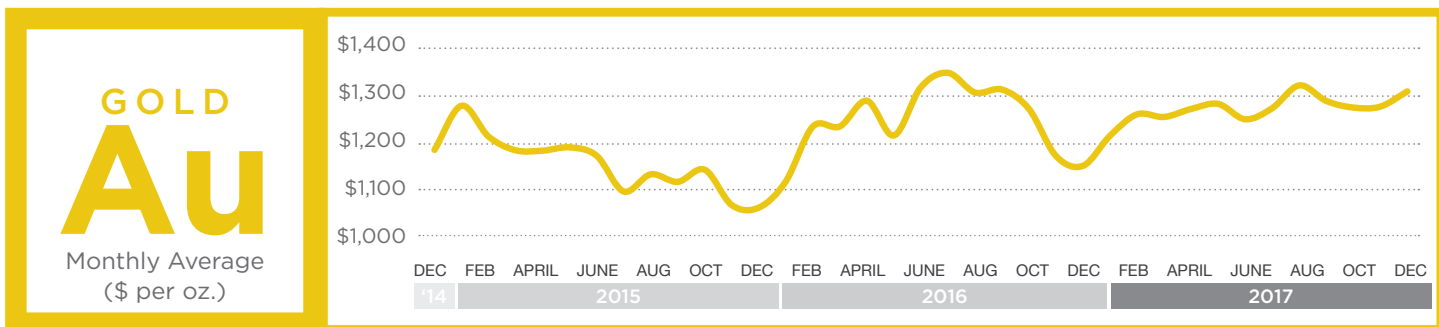
Source: Investing.com



Source: Investing.com



Source: Investing.com



Source: Investing.com

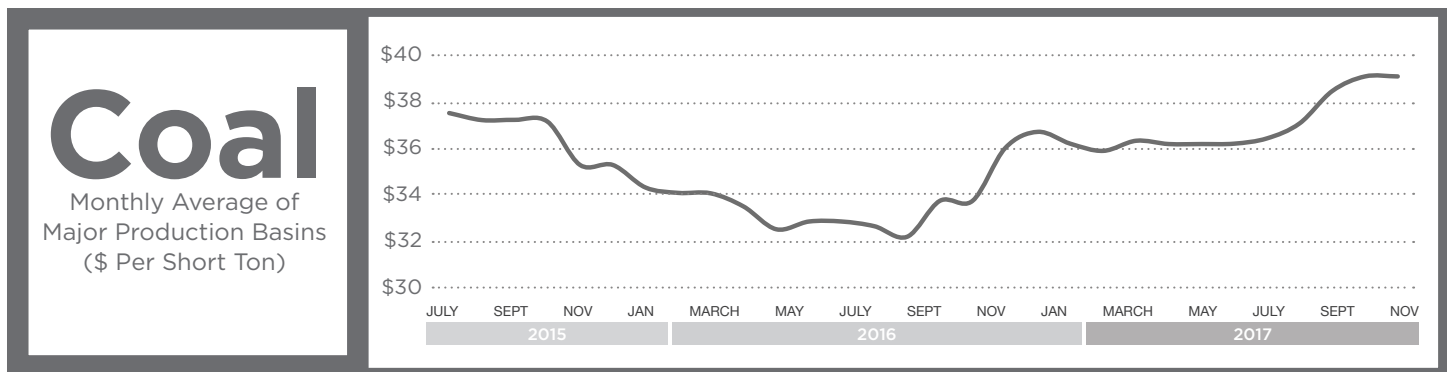


## Coal Price

According to Quandl, the average price of U.S. coal rose during the fourth quarter from \$37.09/short ton in September to \$39.09/short ton in December 2017.

The EIA January 2018 STEO estimates that coal production increased by 45 million short tons (MMst) (6 percent) in 2017 to 773 MMst, as demand for U.S. coal exports increased. In 2018, total U.S. coal production is expected to decrease by 14 MMst (2 percent).

According to the EIA, U.S. coal exports through the first 10 months of 2017 were 70 percent higher than in the same period last year, and the 78 MMst exported through October is 18 MMst (29 percent) more than coal exports for all of 2016. EIA estimates total coal exports for 2017 were 95 MMst. Total U.S. coal exports are expected to be lower in 2018 at 80 MMst.



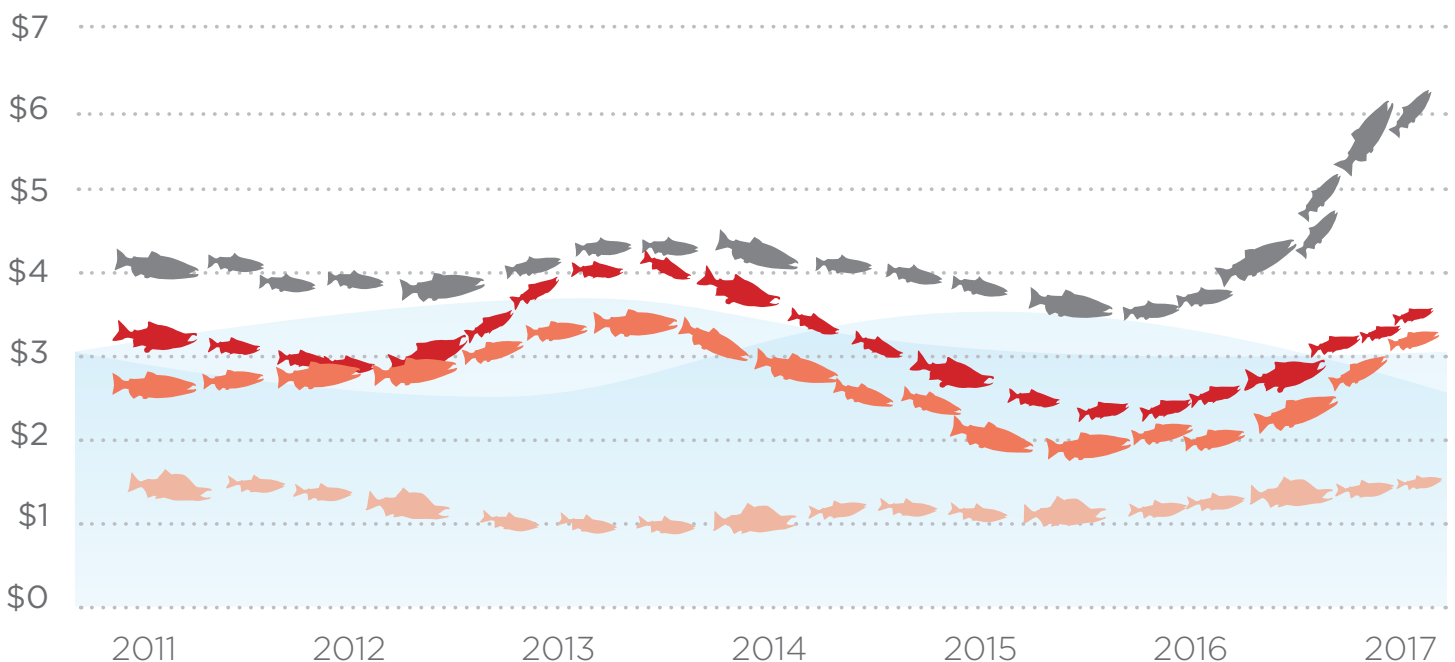
Source: Quandl

## Alaska Salmon

The year described as a “damn good fishing year” by Alaska Department of Labor and Workforce Development economist Neal Fried ended with continued high salmon prices. Compared to the previous year, prices were up across the board for all species. For processed, frozen headed and gutted fish, Chinook prices rose 54 percent from 2016 to 2017. Prices for other species also rose about 20 percent each in the same time period.

### Alaska Salmon Prices

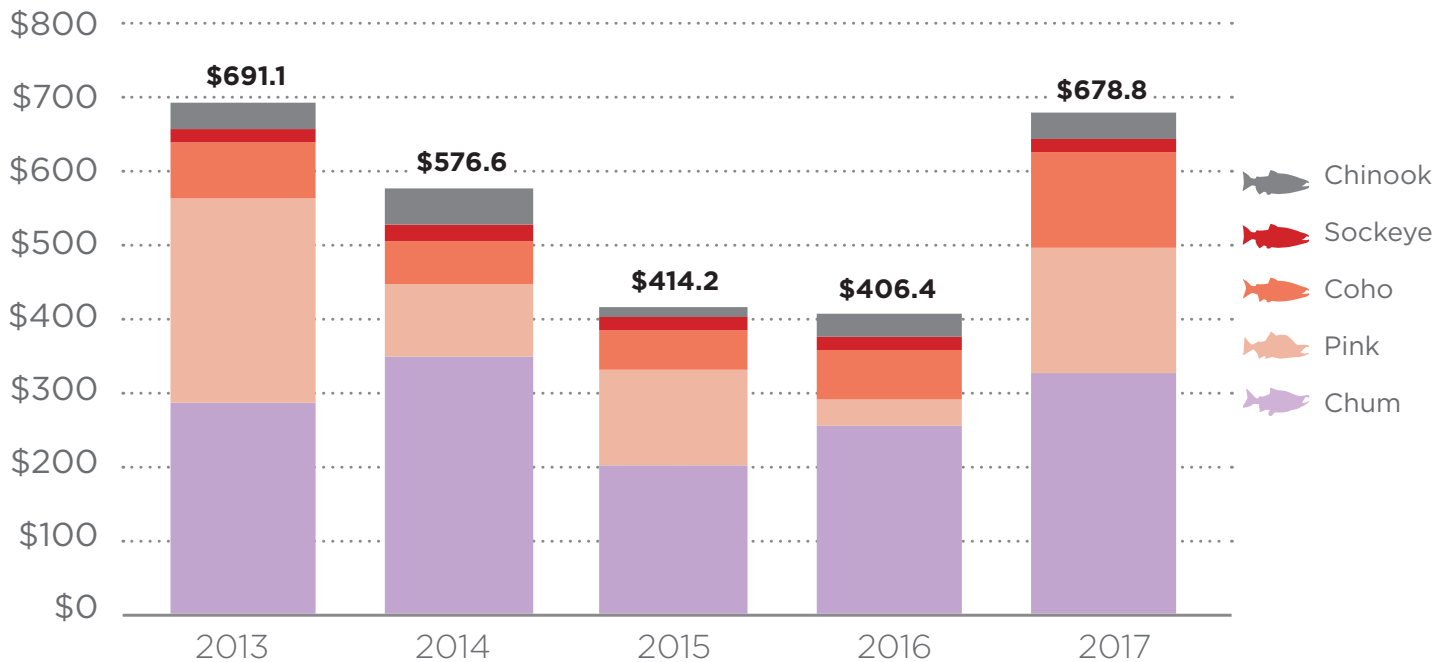
Headed, gutted, and frozen. Average wholesale price per pound.



Source: Alaska Department of Revenue, Tax Division

## Alaska Salmon Value

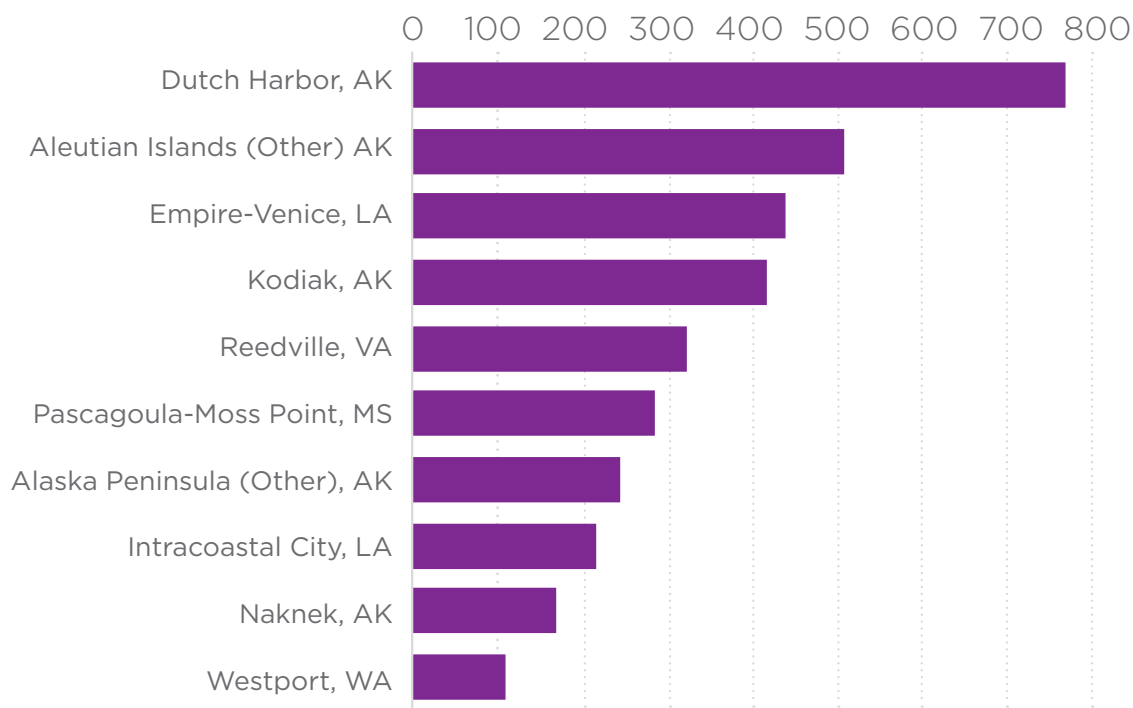
Statewide Total Ex-vessel Value - Millions of dollars  
(Annually through October only)



Source: Alaska Department of Fish and Game; Annual data available for January - October only

## Top Ten U.S. Fishery Ports by Pounds Landed

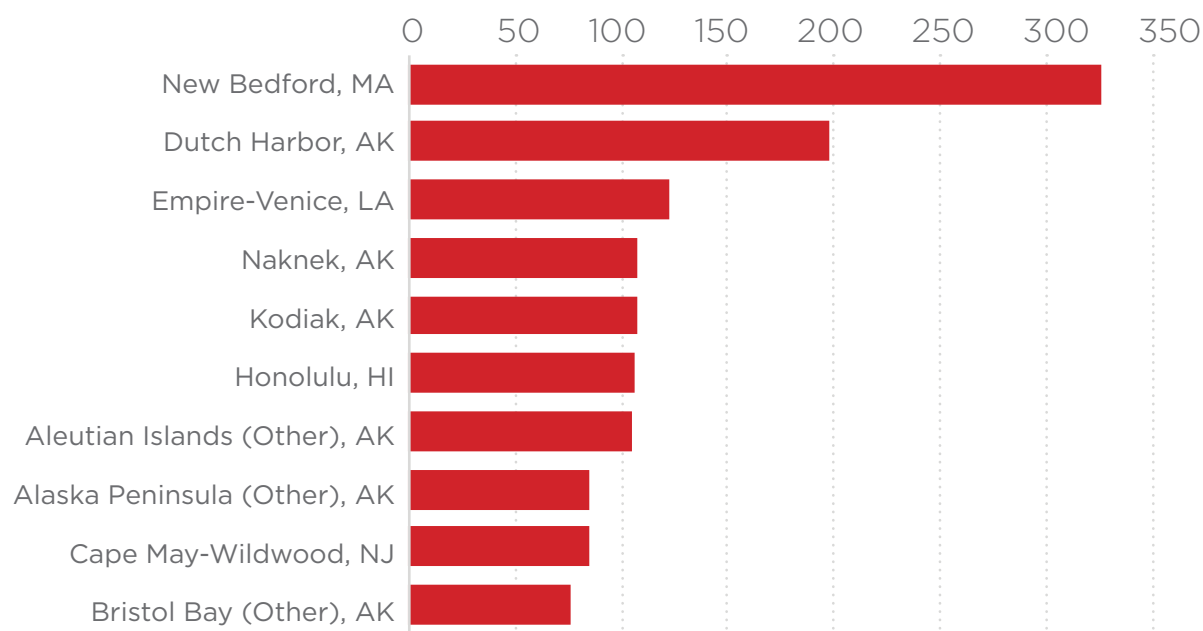
(2016 — Millions of Pounds)



Source: NOAA Fisheries Office of Science and Technology

## Top Ten U.S. Fishery Ports by Value of Catch

(2016 Value — Millions of Dollars)



Source: NOAA Fisheries Office of Science and Technology

## Commercial Fishing Statistics

Alaska ports made up half of the top ten U.S. fishing ports for seafood landings in 2016. Data for 2017 will not be available until later in the year. Dutch Harbor was the top port for the 20th year in a row, with 770 million pounds landed in 2016. New Bedford, Massachusetts was the top port by value, due to the highly valued sea scallop fishery. Other Alaska ports making the top 10 list for landings are the Aleutian Islands at No. 2, thanks to the Trident plant at Akutan, the largest seafood processing facility in the United States. Kodiak dropped a spot to fourth place, followed by the Alaska Peninsula at No. 7 and Naknek at No. 9. Other Alaska ports making the top 50 ports for seafood landings and values are Ketchikan, Sitka, Bristol Bay, Petersburg, Seward, Cordova, Kenai and Juneau. Alaska led all states in seafood volumes at 5.6 billion pounds and values at \$1.6 billion.

## GROSS DOMESTIC PRODUCT

According to the U.S. Department of Commerce Bureau of Economic Analysis (BEA), real gross domestic product (GDP) increased in every state and the District of Columbia in the third quarter of 2017 (the most recent data available). Real GDP by state growth ranged from 5.7 percent in Delaware to 0.5 percent in South Dakota. Alaska's GDP increased 1.9 percent in the third quarter of 2017. In preliminary 2017 data, Alaska ranked 47th in state GDP, dropping from 46th in 2016.

### State GDP: Top 10 and Bottom 10 States

2017 Preliminary Data

#### TOP 10 STATES

California	\$2,370,731
Texas	\$1,519,224
New York	\$1,296,225
Florida	\$834,789
Illinois	\$701,462
Pennsylvania	\$657,237
Ohio	\$563,302
New Jersey	\$507,796
Georgia	\$475,718
North Carolina	\$459,664

(Millions of dollars)

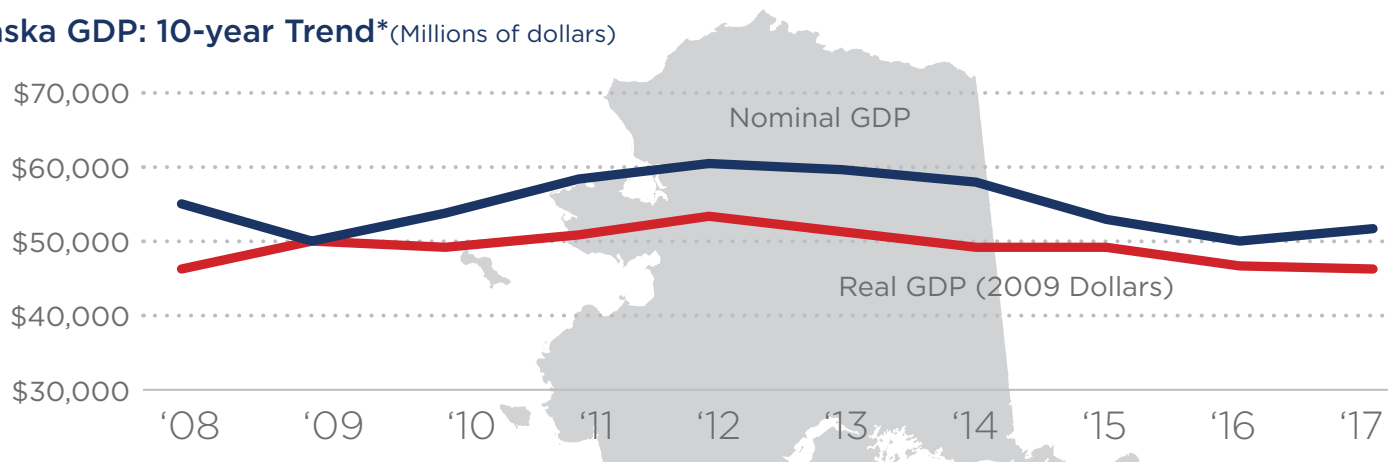
#### BOTTOM 10 STATES

Delaware	\$62,606
Idaho	\$62,151
Maine	\$52,545
Rhode Island	\$50,924
North Dakota	\$48,588
<b>Alaska</b>	<b>\$46,509</b>
Montana	\$41,705
South Dakota	\$40,725
Wyoming	\$35,925
Vermont	\$27,712

(Millions of dollars)

Source: U.S. Bureau of Economic Analysis

### Alaska GDP: 10-year Trend\* (Millions of dollars)

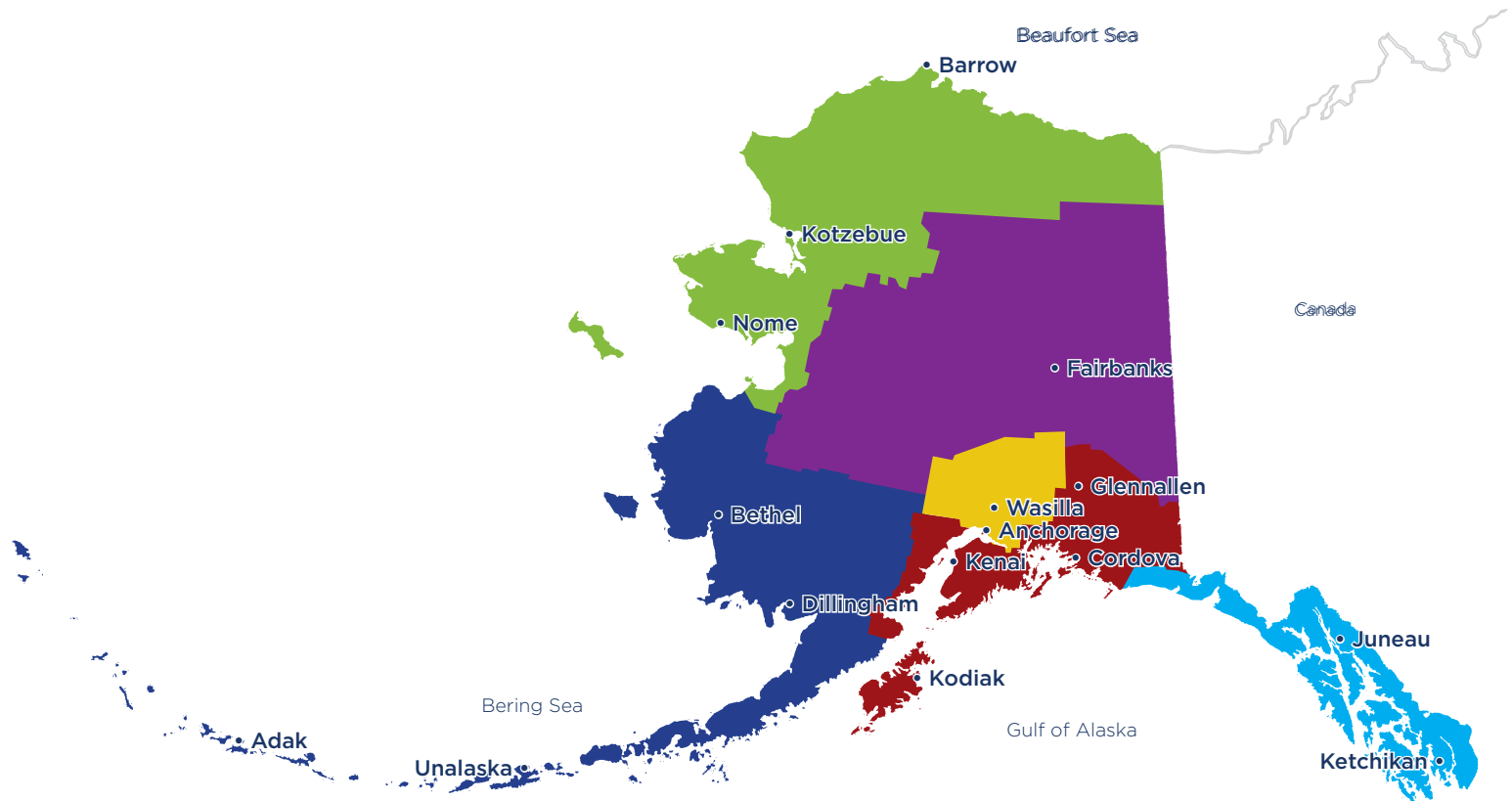


Source: U.S. Bureau of Economic Analysis - 2017 data is preliminary and may change.

## REGIONAL ECONOMIC HIGHLIGHTS FOR FOURTH QUARTER, 2017

### Statewide:

GCI, the cable and internet provider, reached agreement on contract extensions with several TV networks, keeping the channels on the air for Alaska viewers. In November, local FOX affiliates in Southeast and the Fairbanks area stopped transmitting to GCI, leaving the channels off air for GCI customers in those areas. The blackout came when GCI objected to a 300 percent increase in rates.



### Northern:

Beginning in 2018, all Alaska Native students in the state are able to attend Iḷisaḡvik College, the state's only tribal college, tuition-free. The college announced in December that Native students who are over the age of 18 will be able to apply for a tuition waiver to attend both distance learning and classes at its Barrow/Utqiagvik campus. Each credit at the college costs \$145, so a full-time student taking a regular class load would save about \$3,500 a year with the waiver. The administration hopes the tuition waiver will not only ease the burden for students, but also help raise the college's profile in other parts of the state. Students at the college are predominantly locals who have grown up or lived on the North Slope.

The Denver-based company Armstrong Energy announced in November that it will sell a large part of its stake in the Nanushuk oil play to Oil Search, a company based in Papua New Guinea. Nanushuk is estimated at over 1 billion barrels of oil. Armstrong Energy typically sells discoveries to new operators before production begins. Oil Search has never operated in Alaska before and its biggest investments are in liquefied natural gas projects in Papua New Guinea.



### **Interior:**

The board of Ice Alaska, the organization which hosts the World Ice Art Championships, announced in November that it was canceling the 2018 event, after losing sponsors and experiencing setbacks from a 2016 fire. The World Ice Art Championships attracts spectators, volunteers and some of the world's best ice artists to Fairbanks each winter. It has taken place since 1989. The 2018 competition was planned for Feb. 26 to March 17. March is the biggest month for winter tourism in Fairbanks.



### **Anchorage/Mat-Su:**

NANA Regional Corporation, the Alaska Native Corporation for the Northwest Arctic region, sold four Anchorage hotels in November to JL Properties, an Alaska-based real estate and investment firm. NANA says this sale allows them to focus more on the state's resource development industries like the Red Dog Mine located on NANA land and its federal and commercial group opportunities.



### **Gulf Coast:**

The Homer Electric Association, the utility that generates almost all of the Kenai Peninsula's electricity, has begun plans to diversify the sources of its electricity. Currently natural gas produced from Cook Inlet makes up roughly 90 percent of all the power supplied by the utility. The price of Cook Inlet natural gas has been the biggest cost driver for HEA rates during the past decade, and although rates have been steady recently, HEA sees an upward pressure on natural gas prices in the future. Other options for electricity generation include solar power and hydroelectric power from Bradley Lake.



### **Southeast:**

Ketchikan Ready Mix and Quarry, a construction, concrete, and gravel company, was named the HUBZone Contractor of the Year by the U.S. Department of Agriculture. The company has provided services in Southeast Alaska since 1994 and has done a variety of work for the Forest Service over the years. Ketchikan Ready Mix and Quarry is currently working on a Forest Service project to replace or relocate nine bridges on the Hoonah road system.

Sealaska expanded its holdings in the value-added seafood processing industry, buying the Renton, Washington-based company Orca Bay in November 2017. The new company will merge with Odyssey Enterprises, a company in which Sealaska owns a majority stake. Both companies do value-added processing, which means they turn seafood into fillets, soups, stews, breaded products and similar items. According to the website SeafoodSource, the acquisitions make Sealaska a medium-sized player in the industry. Sealaska plans to purchase Alaska seafood for the plants.



### **Southwest:**

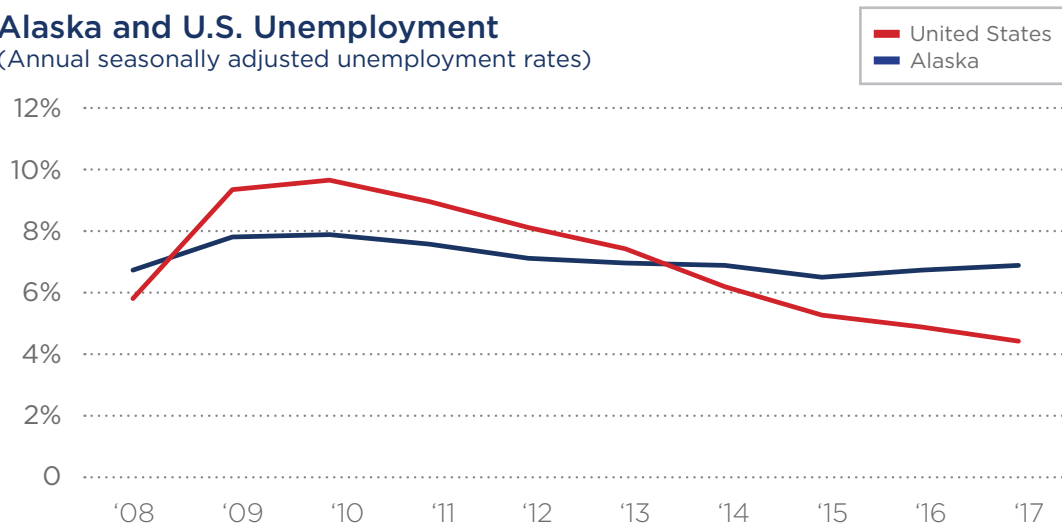
Ravn Alaska announced in December that it would begin offering flights to the communities of Dillingham and King Salmon. Before this announcement, the communities were served by Alaska Airlines and Peninsula Airways (PenAir). PenAir's flights have continued, even after the company filed for Chapter 11 bankruptcy in August. Ravn Air will operate 12 round-trips per week from Anchorage.

## TOTAL WORKFORCE AND UNEMPLOYMENT RATE

Alaska's unemployment rate continued to climb in the fourth quarter of 2017, reaching a seasonally adjusted level of 7.2 percent. The seasonally adjusted unemployment rate for the whole year was 6.9 percent. Nationally, the seasonally adjusted unemployment rate was 4.1 percent in the fourth quarter of 2017, which continued a downward trend. The annual unemployment rate for the whole country was 4.4 percent. Alaska's unemployment rate has been higher than the national average since 2013 and the difference between the two rates has increased steadily during that time.

### Alaska and U.S. Unemployment

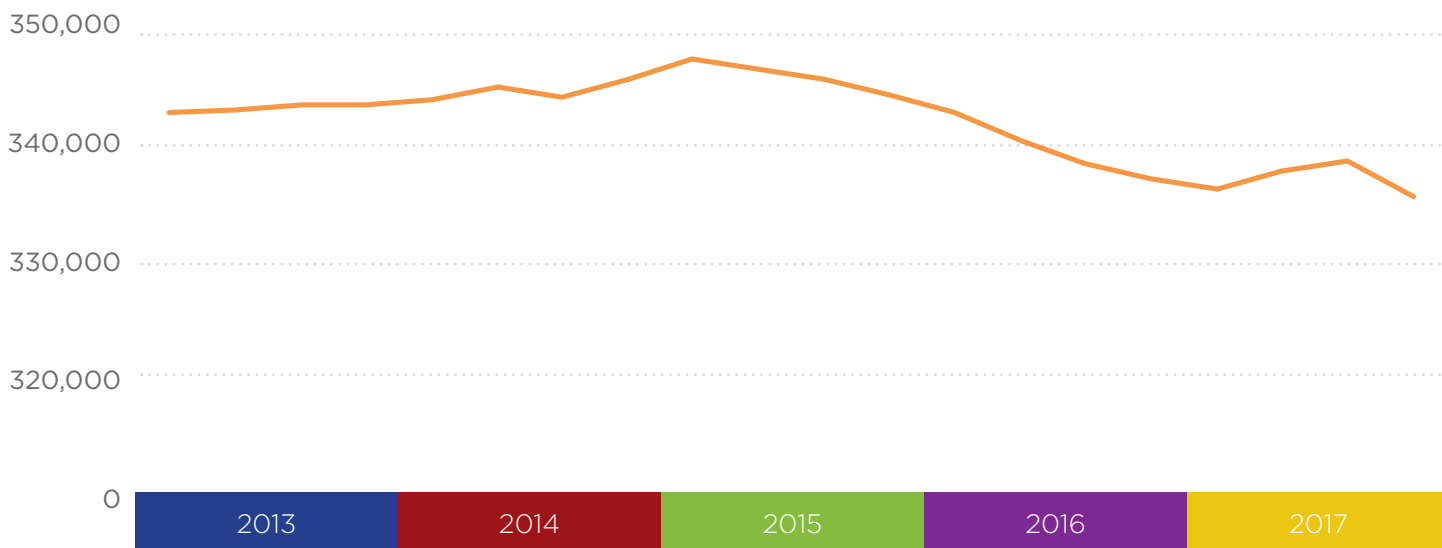
(Annual seasonally adjusted unemployment rates)



Source: Alaska Department of Labor and Workforce Development and U.S. Bureau of Labor Statistics

### Average Monthly Employment

(Not seasonally adjusted)

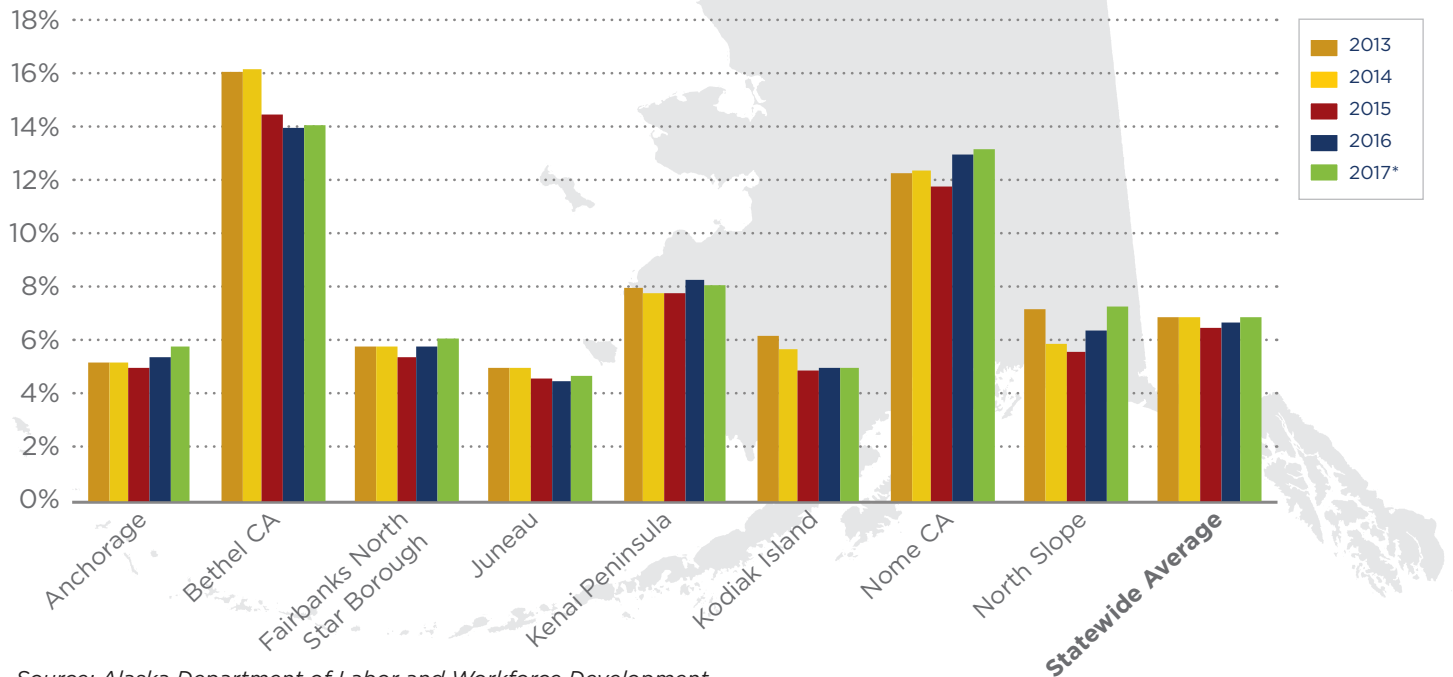


Source: Alaska Department of Labor and Workforce Development and U.S. Bureau of Labor Statistics

Regionally, unemployment rates vary across the state. In the more populated areas of Juneau, Anchorage, and Fairbanks, unemployment rates are below the statewide average. In rural areas they can be much higher, sometimes up to triple the statewide average.

## Selected Annual Unemployment Rates

Not seasonally adjusted



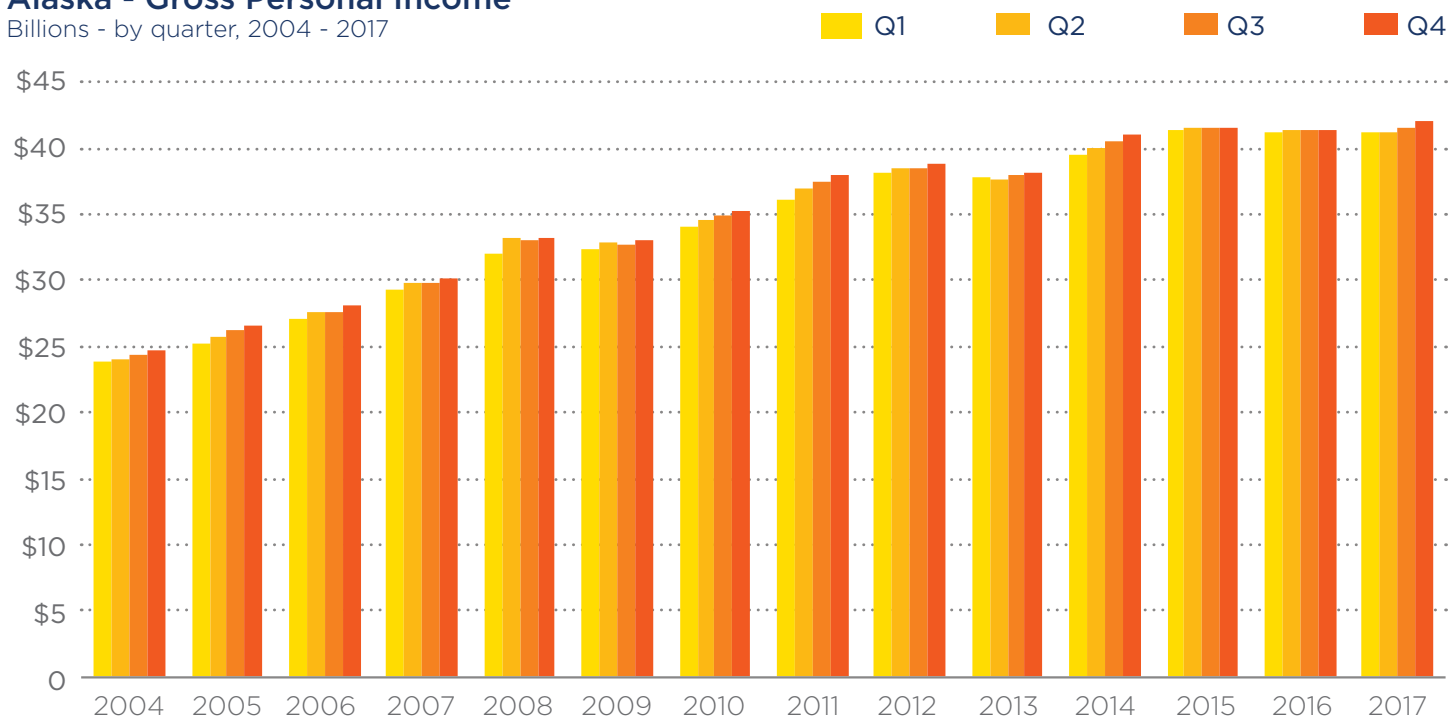
Source: Alaska Department of Labor and Workforce Development

## Personal Income

Personal income in Alaska has remained relatively steady over the last three years, after almost a decade of growth. Statewide gross personal income was \$42.1 billion in the fourth quarter of 2017, just 2 percent higher than the same period in 2016. Alaska's per capita income of \$56,878 in the fourth quarter of 2017 ranked 11th of the 50 states and the District of Columbia, but in the fourth quarter of 2016, Alaska had the 8th highest per capita income.

## Alaska - Gross Personal Income\*

Billions - by quarter, 2004 - 2017



Source: U.S. Bureau of Economic Analysis. \*The sum of wages and salaries, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance plus the adjustment for residence.



## COST OF LIVING IN ALASKA

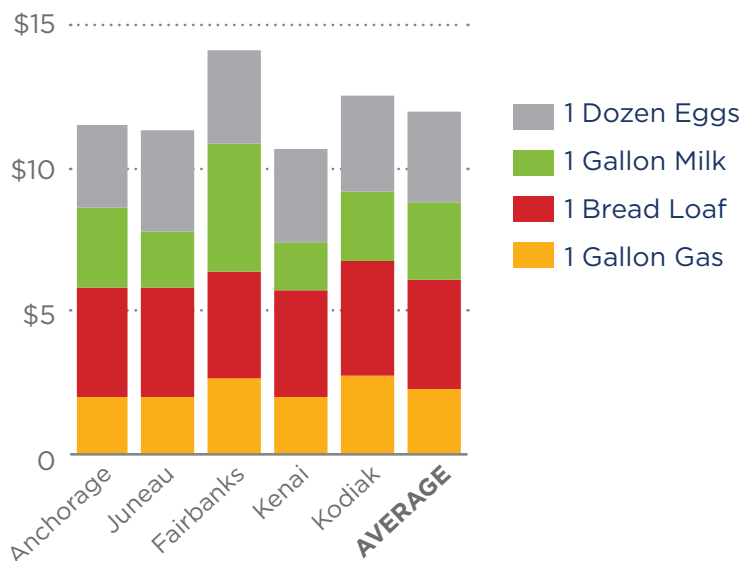
A cost of living index measures the relative cost of living over time across geographical regions by taking into account differences in the price of goods and services needed to maintain a basic standard of living, such as the cost of food, housing, energy and basic goods.

The Division of Economic Development works with partners throughout the state to produce a quarterly survey of prices for four staples in several communities: 1 dozen eggs, 1 gallon of milk, 1 loaf of white bread, and 1 gallon of unleaded gasoline. Unfortunately, responses were not available from five of the ten communities tracked for the fourth quarter of 2017. This quarter's average does not include many of the more rural communities that have participated in the past. For the five communities surveyed in December 2017, the average price basket was \$12.01, \$0.53 higher than the average for those same communities in the third quarter of 2017.

### Alaska Community Price Comparison

(December 2017 - Dollars)

	1 DOZ. EGGS	1 GALLON MILK	1 BREAD LOAF	1 GALLON GAS	Total
Anchorage	\$1.99	\$3.79	\$2.79	\$2.90	\$11.47
Juneau	\$1.99	\$3.79	\$2.00	\$3.49	\$11.27
Fairbanks	\$2.59	\$3.79	\$4.49	\$3.24	\$14.11
Kenai	\$1.97	\$3.78	\$1.68	\$3.19	\$10.62
Kodiak	\$2.69	\$4.09	\$2.39	\$3.39	\$12.56
Average	\$2.25	\$3.85	\$2.67	\$3.24	\$12.01



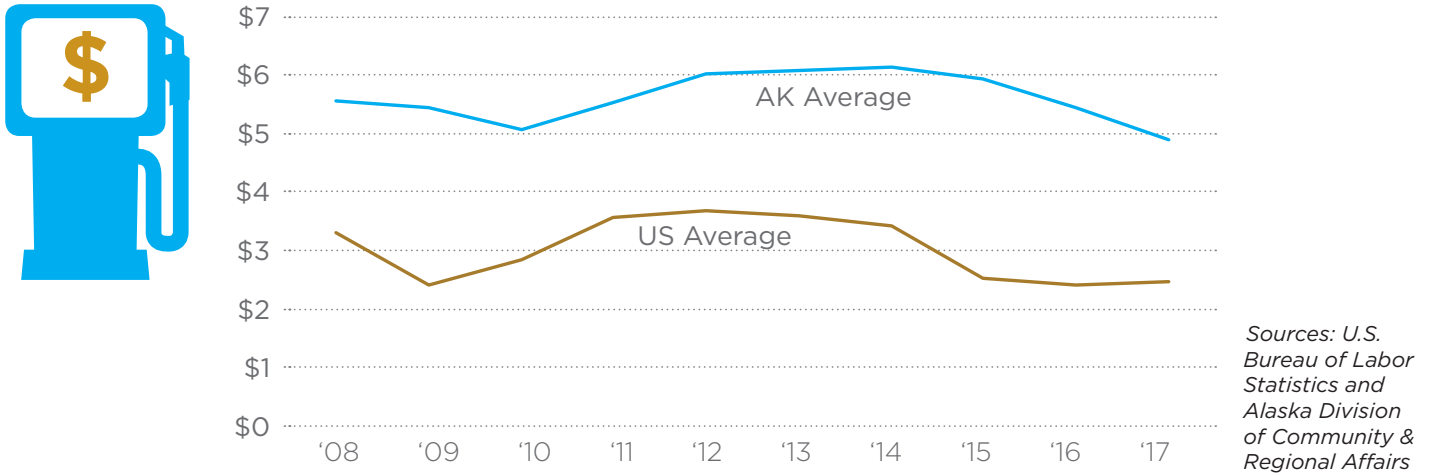
Sources: Regional Partners

## Gasoline Prices

In Alaska, another important gauge of the cost of living is the price of gasoline. The per gallon price of gasoline over time is illustrative of the general trend of prices in Alaska versus the U.S. average. In 2017, the national average price of gasoline (\$2.47/gallon) was \$2.42/gallon lower than the Alaska average of \$4.89/gallon. However, the state average is an average of dozens of communities across the state, some with prices as high as \$10.00/gallon and some as low as \$2.78/gallon.

### Gasoline Price Average

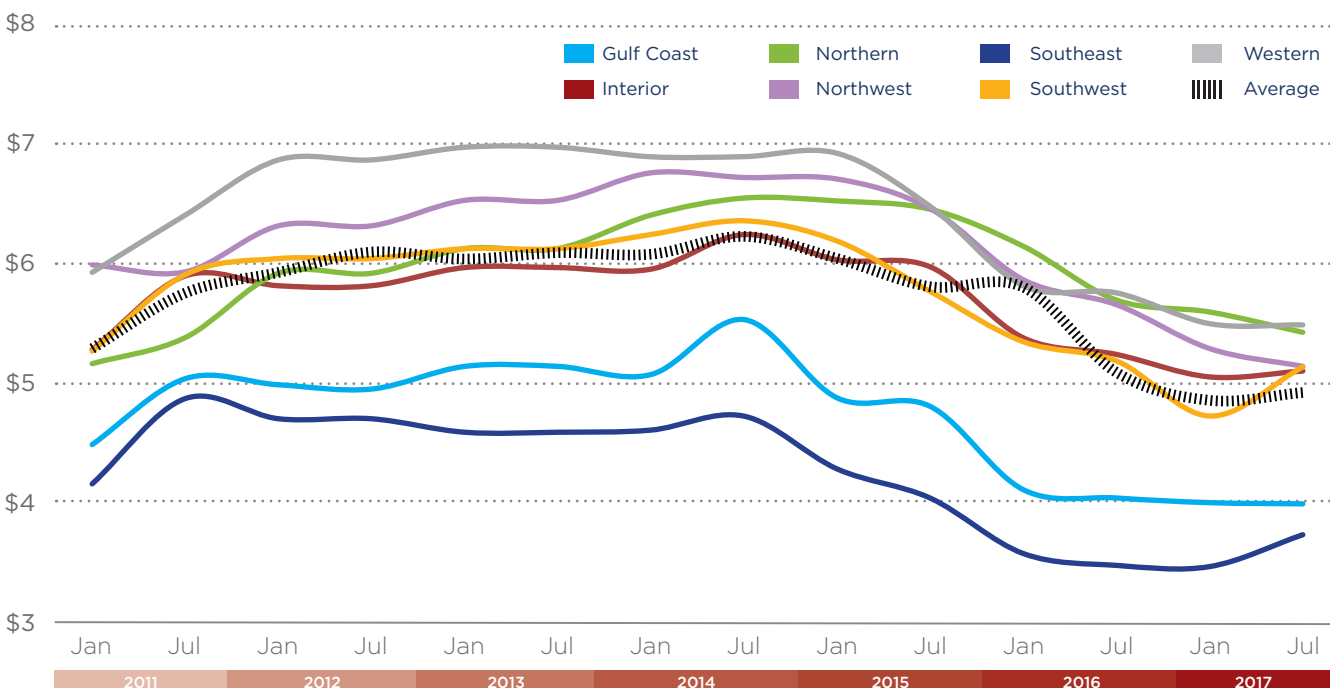
(Current dollars - price per gallon)



The Alaska Division of Community and Regional Affairs (DCRA) conducts a biannual survey of energy (heating fuel and gasoline) prices around the state. The latest survey, published in July 2017, compares gasoline prices for seven regions around Alaska. Southeast Alaska has the lowest average gasoline price at \$3.72 per gallon, while the Western region had the highest price at \$5.48 per gallon. The statewide average increased from \$4.79 in January to \$4.85 in July, driven by a \$.27 increase in the Southeast region and \$.41 increase in the Southwest region. The Gulf Coast, Northern, Northwest, and Western regions all saw gasoline prices fall between January and July of 2017.

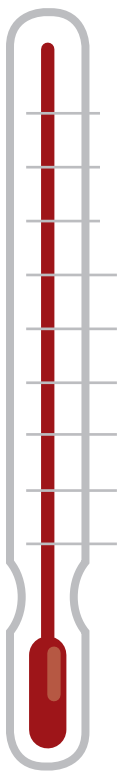
### Alaska Gasoline Price by Region

(Current dollars - price per gallon)



Source: Alaska Division of Community and Regional Affairs

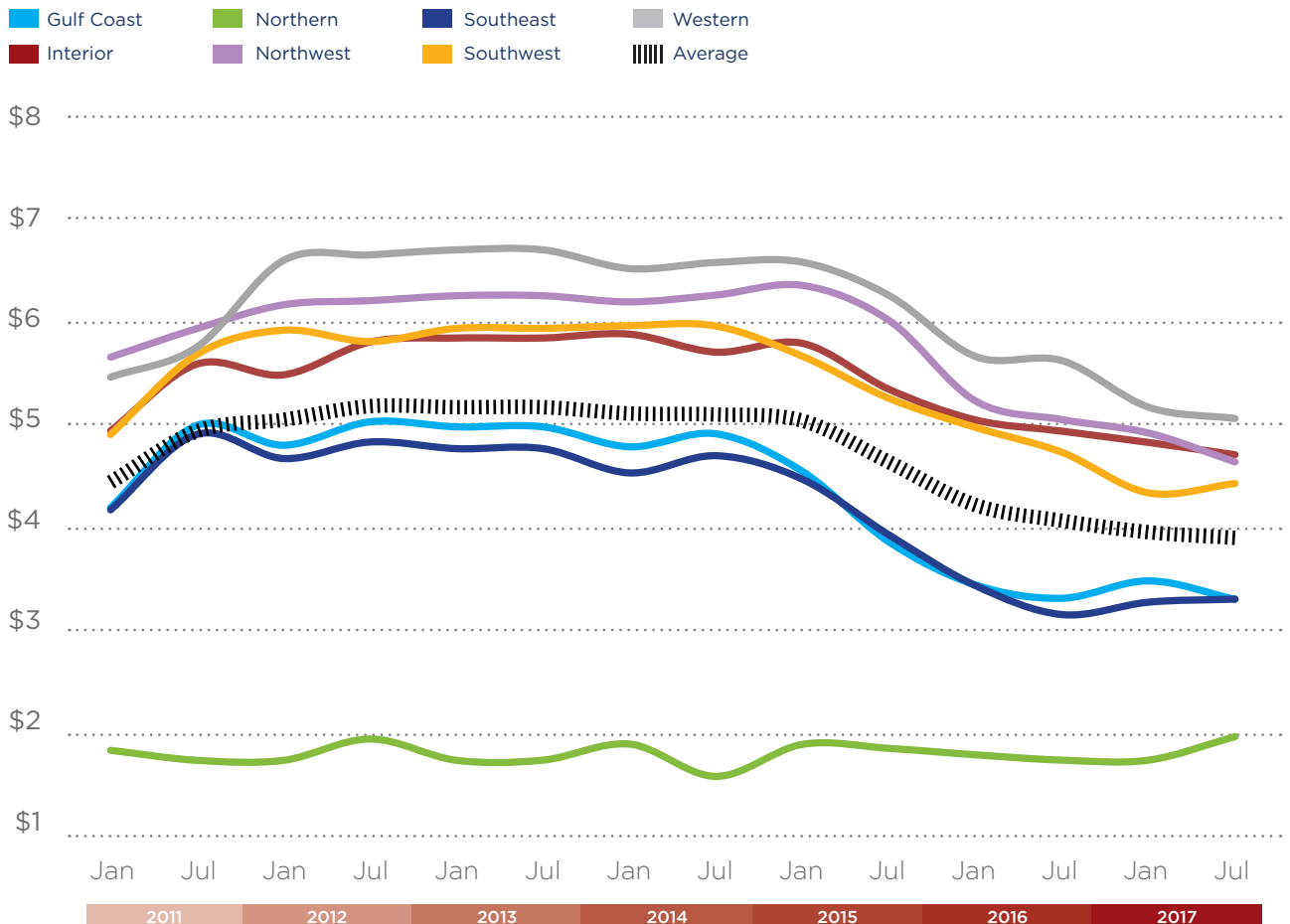
## Energy



DCRA's July 2017 survey showed Alaska communities in the Western Region continued to have the highest average heating fuel retail price at \$5.06 per gallon, while the Northern Region reported the lowest average retail price at \$1.96 per gallon (Note: the North Slope Borough subsidizes residential heating fuel costs in five of its seven communities, reducing their average prices substantially). Excluding the Northern Region, the Southeast Alaska Region tends to experience the lowest heating fuel prices. Average heating fuel costs have fallen over the last two years. The 2017 statewide average (average of January and July prices) of \$3.94 per gallon was \$0.22 lower than the 2016 average of \$4.16.

### Average Alaskan Heating Fuel Cost

(By Region, Current Dollars)



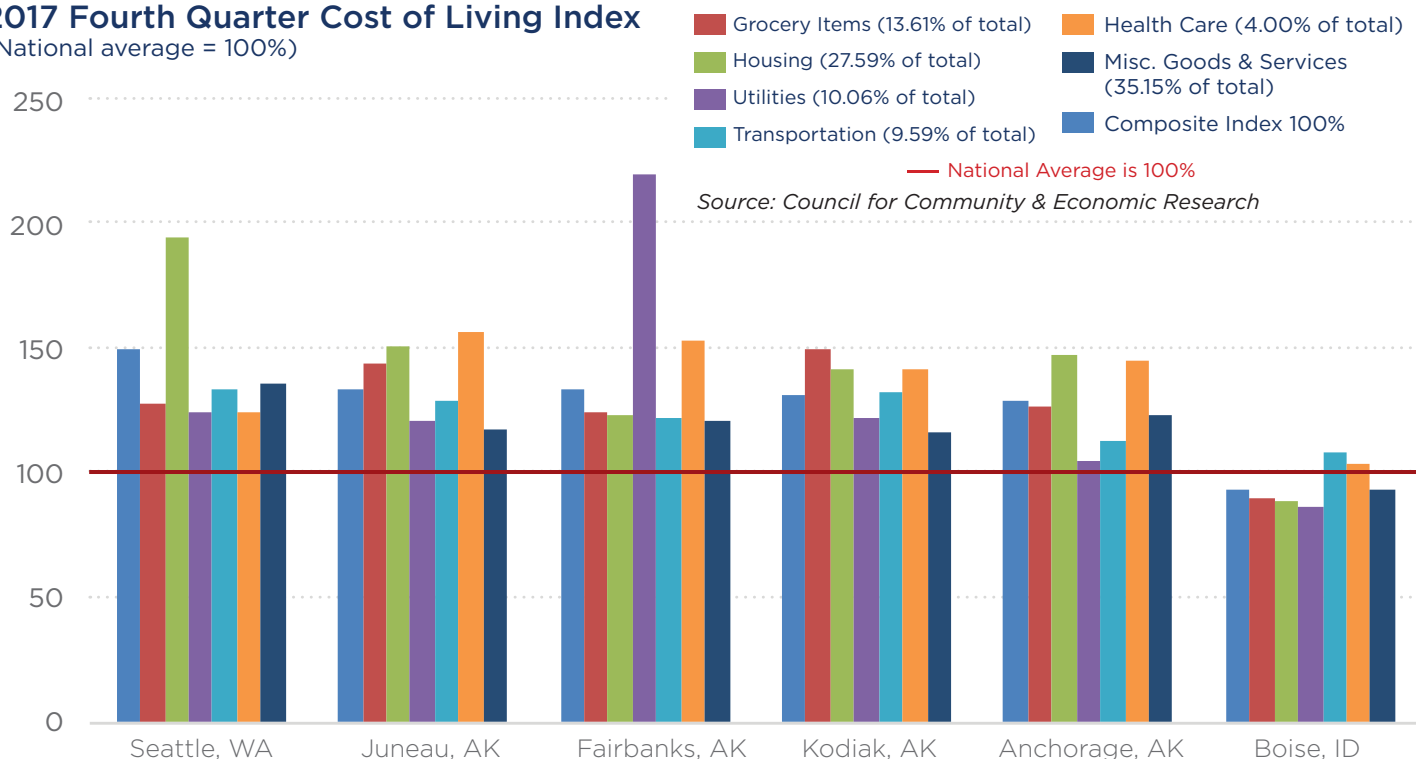
Source: Alaska Division of Community and Regional Affairs

Comparing the cost of living in Alaskan communities demonstrates how expensive it is to live and work here, versus in other states. The Council for Community and Economic Research publishes a quarterly and annual Cost of Living Index (COLI), which provides a measure to compare cost of living differences among urban areas nationwide (communities in all 50 U.S. states, the District of Columbia, and Puerto Rico). The COLI provides a useful way to compare the cost of living differences between urban and rural areas weighted by different categories of consumer expenditures for upper middle class households.

The cheapest and most expensive cities in the country rarely change - in the fourth quarter of 2017, McAllen, Texas was again the least expensive city in the country, with a composite cost of living just 76.1 percent of the national average. Manhattan, New York was the most expensive, with a composite cost of living more than 238 percent of the national average. The costs of living are calculated by collecting prices for grocery items, housing, utilities, transportation, health care, and miscellaneous goods and services.

Alaska communities participating in the COLI are Anchorage, Fairbanks, Juneau, and Kodiak. In the fourth quarter of 2017, all four Alaska cities were again near the top of the list. Juneau was the most expensive Alaska city, ranking 17th out of all 269 cities surveyed nationwide. The composite index for Juneau was 133.5, meaning the cost of living in the capital city is 33.5 percent higher than the national average. Fairbanks was 18th (composite index of 132.9), Kodiak was 19th (130.5), and Anchorage was 21st (128.4). All four have higher costs of living than comparable cities in the Pacific Northwest. Seattle is the only Pacific Northwest city with a higher cost of living, which is driven by the cost of housing. Other Washington state cities included in the survey are Bellingham (ranked 38th with an index of 113.7), Olympia (60th, 104.0), and Spokane (118th, 96.0). Looking at other cities in the region, Bozeman, Montana is the 68th most expensive city in the survey, with a composite index of 100.4 and Boise, Idaho is the most affordable Pacific Northwest city, ranked 167th on the list, with a composite index of 92.5, falling below the national average.

## 2017 Fourth Quarter Cost of Living Index (National average = 100%)

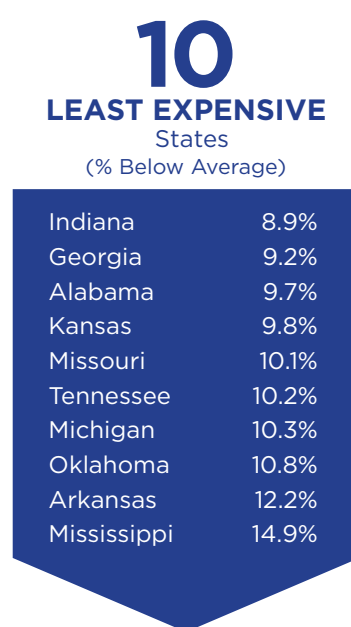
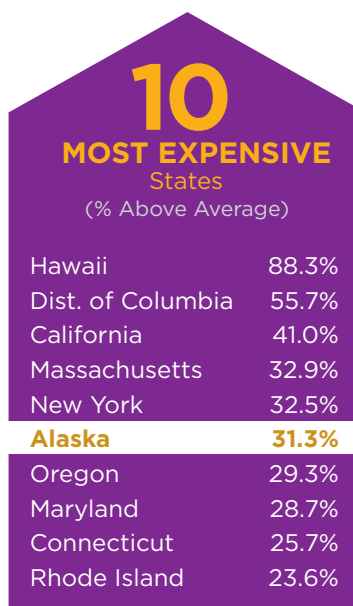


## Top 10 Most and Least Expensive States, Fourth Quarter of 2017

(Average = 100%)

Prices in Alaska tend to be higher than most other states. According to the COLI, in the fourth quarter of 2017, Alaska had the highest health care costs in the nation, the second highest cost of groceries, and the third highest cost for utilities and transportation. It is important to note that this is based on data from only four Alaska communities - Anchorage, Fairbanks, Juneau, and Kodiak. Prices in most of rural Alaska are significantly higher which, if included, could increase Alaska's rank.

Source: Council for Community & Economic Research



## ALASKA CONFIDENCE INDEX AND COMPONENTS, QUARTERLY FIGURES

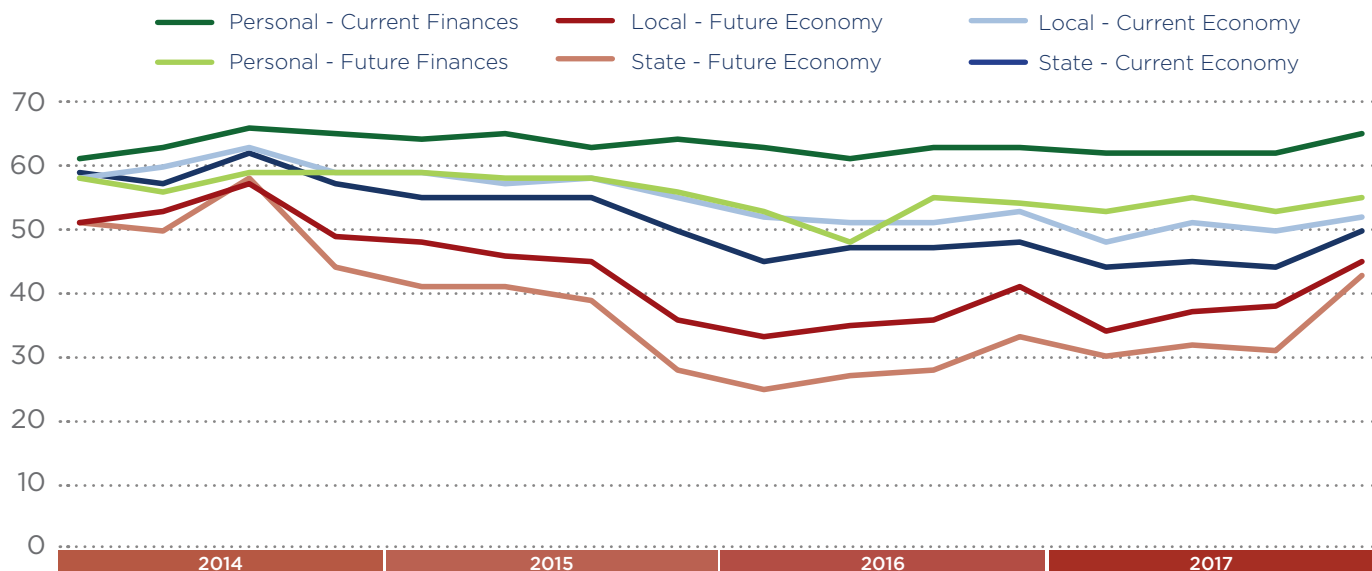
The Alaska Confidence Index (ACI) is a measure of Alaska households' confidence in the health of the state and local economies, their personal financial situation, and their expectations for the future. ACI is expressed using a value of 0 to 100. Values above 50 represent relative confidence in the economy, while values below 50 indicate lack of confidence. The ACI is comprised of six individual components: current assessment of, and future expectations for, the state economy confidence, local economy confidence, and personal financial confidence.

Alaskans' economic confidence rose sharply in the fourth quarter of 2017, returning to a level not seen since the third quarter of 2015, as measured by the Alaska Confidence Index (ACI). The composite index rose to 54, indicating relative confidence in state, local, and personal economics. This was an increase of four points from the third quarter and an increase of two points from the same time last year.

The index stands 5 points higher than its lowest recorded level of 49 in the first half of 2016 and first quarter of 2017. The fourth quarter outlooks on the future of the state and local economies are higher than they were one year ago, although confidence in current local economy is down slightly.

### Alaska Confidence Index

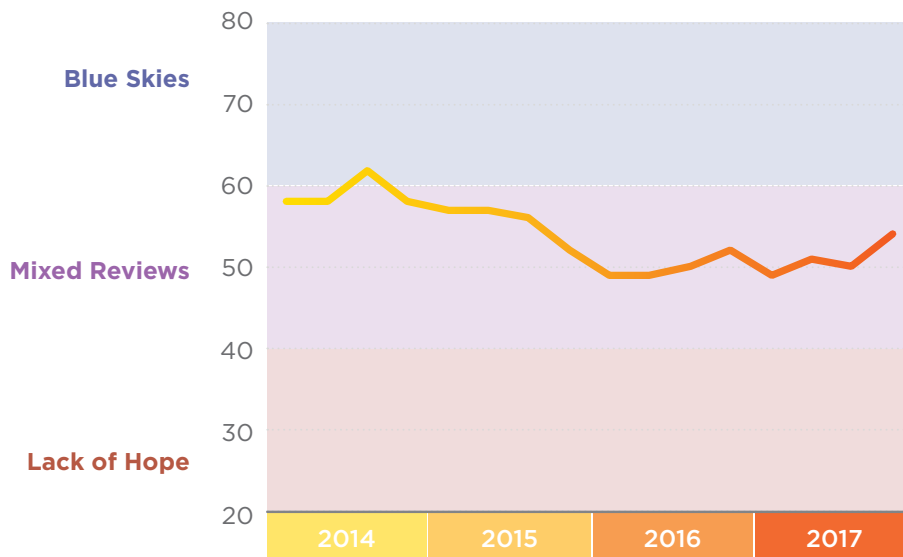
(Confidence rating on scale of 0-100)



Source: Northern Economics

### Overall Alaska Confidence Index

(Confidence rating on scale of 0-100)



Source: Northern Economics

ALASKA'S QUARTERLY ECONOMIC REPORT  
FOURTH QUARTER, 2017

